

**EXPLORING MONEY ATTITUDES AND CREDIT CARD USAGE IN
COMPULSIVE BUYING AMONG (MBA) EXECUTIVE STUDENTS (U.S.M)**

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DEDICATION

All those who have been instrumental in shaping me the way I am, those,
at home,
at school,
at the university,
and to all those who lit a candle on the way of knowledge and science.

يُهدى هذا البحث إلى:

كل من علمني حرفاً،
في البيت،
في المدرسة،
في الجامعة،
وإلى كل من أضاء شمعة على طريق العلم والمعرفة.

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ABSTRAK

Di dalam dunia yang melibatkan tingkah laku pengguna, perkara yang lazim diperkatakan dalam kalangan pengguna ialah wang. Hal ini adalah kerana penggunaan wang mencakupi hampir keseluruhan aspek kehidupan manusia. Kajian ini telah meneliti dan memeriksa hubungan antara tingkah laku penggunaan wang (status kuasa pembelian, ketidakpercayaan dan kebimbangan) dengan pembelian tidak berhemah. Pembelian tidak berhemah suatu bentuk pembelian yang berulang ke atas barangan pengguna dan ia merupakan suatu pembelian yang kritikal, dan pembelian tidak berhemah yang akan memainkan peranan sebagai agen tindak balas terhadap perkara-perkara atau perasaan negatif. Ia juga dikenali sebagai tingkah laku ketagihan. Orang yang terlibat dalam tingkah laku negatif ini berkencenderungan menghadapi masalah sosial dan kewangan seperti penceraian, hutang dan muflis. Ia juga memberi kesan yang buruk pada persekitaran semulajadi. Kajian ini juga bertujuan memberi tumpuan pada penggunaan kad kredit sebagai perantara terhadap hubungan antara pembolehubah- yang telah dinyatakan dengan pembelian tidak berhemah. Empat hipotesis telah dibangunkan untuk mengkaji kesan pembolehubah-pembolehubah bebas (status kuasa pembelian, ketidakpercayaan dan kebimbangan) dan pembolehubah perantara (penggunaan kad kredit). Analisis penurunan hierarki telah digunakan untuk menguji hipotesis yang dibangunkan manakala ANOVA sehalu dan ujian-t telah digunakan untuk menilai demografik. Oleh itu, kajian yang terperinci telah diambil untuk memperoleh data yang berkaitan dengan permasalahan kajian. Sebanyak 140 data dianalisis menggunakan analisis dan semuanya sah untuk dianalisis.

Keputusan kajian menunjukkan bahawa terdapat hubungan positif antara kuasa-prestij dengan kekhuatiran. Hubungan positif ini memberi kesan atas pembelian wajib. Bagi pembolehubah perantara pula, didapati hanya sebahagian sahaja daripada penggunaan kad kredit yang menjadi perantara antara tingkah laku terhadap wang (seperti status kuasa pembelian, ketidakpercayaan dan kebimbangan) dengan pembelian tidak berhemah. Namun, keputusan menunjukkan bahawa ketidakpercayaan (kepekaan terhadap harga) mempunyai kesan yang negatif terhadap pembelian tidak berhemah.

ABSTRACT

In the world of consumer behavior, the common language among consumers' culture is money. Money enters to most area of the person's life. The present study tries to explore and examine the relationships between money attitudes (power-prestige, distrust and anxiety) and compulsive buying. Compulsive buying is a chronic, repetitive buying that becomes a primary respond to negative events or feelings. It is also known as addictive behavior. People who are involved in this negative behavior have the tendency to face financial and social problems such as divorce, debt, and personal bankruptcy. It also may have dire consequences for the natural environment. The present study also aims to focus open the moderating effects of credit card usage on the relationships between the variables mentioned above and compulsive buying. Four hypotheses were developed to study the impact of the independent variables (power-prestige, distrust and anxiety) and moderating variable (Credit card usage). Hierarchal regression analysis was used to test hypotheses developed while one way ANOVA and t-test were to evaluate demographics. Therefore, exploratory research was undertaken to obtain data the relevant to the research problem. A total of 140 were collected and regression analysis was conducted. The result of this study indicates that there is a positive correlation between power-prestige and anxiety. This positive relationship has an impact on compulsive buying. As for the moderating variable, it is found that credit card usage moderates partially the relationship between money attitudes (i.e. power-prestige, distrust and anxiety) and compulsive buying. Nevertheless, the results show that distrust (price sensitivity) has a negative impact on compulsive buying.

Chapter 1

INTRODUCTION

1.1 Introduction

The primary objectives of this study were to identify the general understanding of how money attitudes and credit card usage affect compulsive buying among MBA students. This chapter provides an introduction to the issue of compulsive buying and how credit card accelerates the operations of buying. It concludes with the statement of the problem, purposes and significance of the study.

1.2 Background of the Study

At the dawn of civilization, the concept of the consumer culture has evolved into one of the most powerful forces affecting individuals and societies (Roberts & Martnez, 1997). It is a culture in which majority of the consumers, desire, pursue, consume, and display many goods and services. Therefore, money becomes a common language between consumers culture (Robert & Cesar, 1999). Changing attitudes toward money are an important motivation behind the spread of the consumer culture. Money attitudes cover most areas of a person's life. Spending and saving habits, workplace performance, political ideologies, charitable giving, and attitudes towards the environment are a few examples of the far-reaching impact of money attitudes. A negative outcome of customer behavior is compulsive buying. The compulsive buying, that uncontrollable urge to buy which affects a great many customers, has increasingly received attention from researchers (d' Astous *et al.*, 1990).

This topic is very important since most of the customers today have to deal with buying due to increasing number of product promotion and the purchasing power

of individuals. The compulsive buying has been described as "Chronic, repetitive purchasing that becomes a primary response to negative events or feelings" (O'Guinn and Faber, 1989). It is also known by many terms such as shopping, impulsive shopping, buying mania, compulsive consumption and addictive buying (Bullock & Koran, 2003).

According to (Ritzer, 1995) money is important to people especially to MBA students who are members of a generation that has been raised in a credit card society. Although those MBA students get great benefits from using credit card, they have grown up with debt. Schor (1998) believed that easy credit is one of the causes of overspending.

Purchasing customs had changed dramatically with the usage of credit card throughout the world. Credit card is initially used as a common way of payment mode for luxuries, such as travel and accommodation. However, it is now increasingly used for purchasing small items of convenience in our daily lives ranging from the esoteric to the mundane (Lee, 2000). The use of credit card helps consumers to carry their payment against their daily expenditures. In developed countries such as US, the market of Europe and Far East are becoming increasingly attractive to credit card companies looking for growth. In 1993, more than US \$1 trillion was spent through credit cards, and it is estimated that the global credit card market next decade years will be \$3 trillion.

The results of the study conducted by Visa International Ltd, there were about 900,000 Visa cardholders in Malaysia in 1999 (Daljit, 1999). According to MasterCard also, Malaysia recorded the highest index of consumer optimism in the region. It grew from 67.6 to 89.3 from year 1998 to 1999 (Daljit, 1999). Bank Negara's statistics showed that the outstanding debts of credit card holders were

RM5.719 billion at the end of March 2000 compared to RM4.406 billion at the end of March 1998. Its increase is of RM1.3 billion over the two- year period.

1.3 Problem Statement

Today, compulsive buying has grown and become a main problem, as people who involve in compulsive buying could not control their habits toward spending. It also can cause a marriage to be broken down or bankruptcy and consequently involve in deep financial and social problems. In view of that, this issue should be among the main research area today because the life style and work environment of people today have affected the buying of individuals regardless of negative economic consequences. The problem is that compulsive buyers are not aware about possible consequences of overspending such as debt, bankruptcy, frustration over their lack of control their buying and decreases the interpersonal relationships (O'Guinn & Feaber, 1989). Compulsive buyers were defined as people who are spending more than they did in the past and more than they realize (Schor, 1998).

Moreover, much of research on compulsive buying discovered that compulsive buyers suffer significantly greater levels of guilt after their buying binges (O'Guinn & Faber 1989; Faber & O'Guinn 1992; Scherhorn *et al.*, 1990). The degree of regret among non impulse buyers was not as great as among compulsive buyers (O'Guinn & Faber 1989). Therefore, they spent more money than they have, destroying their lives and the lives of their families (d'Astous 1990; Faber & O'Guinn 1992; Rendfleish *et al.*, 1997). Hirschman (1992) has categorized compulsive buyers as distressed compulsive consumers because of the degree to which they express guilt and remorse over their actions.

Compulsive buying has left the negative consequences to individuals who involve in addict buying. Financial problems and social problems are among many problems caused by compulsive buying. Therefore, the study of compulsive buying among MBA students can help in recording a number of financial problems and social problems including personal bankruptcy filings and credit card debt. Personal bankruptcies reached an all-high of 1.38 million in 1998 (Adler, 2000). Credit card debt is significant portion of debt for many individuals seeking protection under the bankruptcy code (Moss, 1999).

In developed countries as the United States and Europe, credit cards plastic money is viewed as an indication of cashless society. Cashless society allows high tech infrastructure to be carried out in developed country through the usage of plastic money (Ingene & Levy, 1982). In other words, credit cards have been introduced to developed countries decades ago. The introduction of credit cards in developing countries like Malaysia is relatively recent. Therefore, the study of their effects on MBA students can be considered significant in the sense that past studies such as Robert (1998) who identified that credit cards usage accelerated compulsive buying. Credit cards use without limits can cause extravagant or spending more than necessary. Therefore, it seems that the problem of compulsive buying has increased with the rapid expansion in the bankcard industry. Credit cards are easily accessible to students and are marketed aggressively to the students' population (Mannix 1999; Schembari 2000). The report by bank Negara stated the debt issued by credit card increased to RM31 billion for the year 2003 compared to RM25 billion in 2002. The problem will arise if credit cardholders spending their money much than on their necessities.

In Malaysia, the report by Citibank was the leading credit card issuer and

has 500,000 credit cards in circulation with a 23 per cent market share. The credit card spending exceeding RM11.7 billion in 1999 and credit card issuers in year 2000 and have some 2.4 million cards (How, The Star, 2000, March 26). This information started to give some indications that probably compulsive buyer was among credit card users in Malaysia.

To sum up, this study hopes to unveil the compulsive buying behavior among MBA students with respect to their attitudes towards money and credit card usage.

1.4 Research Objectives

The primary objective of the study is to identify the general understanding of money attitudes and credit card usage play in compulsive buying among MBA students. Dimensions of money attitudes (power-prestige, distrust, and anxiety) are most important to help and understand compulsive buying. Therefore, this study identifies money attitudes significant association with compulsive buying. In addition, does credit card usage moderates the money attitudes compulsive buying relationship? This means that the present study tries to predict factors that affect MBA students to be or not to be the level of compulsive buyers? To this end, research was carried out to achieve the following four principal research objectives:

1. To identify the impact of power-prestige on compulsive buying.
2. To identify the impact of distrust (price sensitivity) on compulsive buying.
3. To identify the impact of anxiety on compulsive buying.
4. To identify if the credit card moderates the relationship between money attitudes and compulsive buying
- 4a: To identify whether credit card usage moderates the relationship between power-prestige and compulsive buying.

4b: To investigate whether credit card usage moderates the relationship between distrust (price sensitivity) and compulsive buying.

4c: To examine whether credit card usage moderates the relationship between anxiety and compulsive buying.

1.5 Research Questions

This study aims to contribute to the compulsive buying by exploring the relationship of compulsive buying to power-prestige, distrust and anxiety among MBA students. Therefore, the present study has four questions to investigate, which are as follows:

1. What is the effect of power-prestige on the compulsive buying?
2. To what extent the distrust affect on the compulsive buying?
3. To what extent the anxiety affect on the compulsive buying?
4. How does credit card usage affect the compulsive buying?

1.6 Scope of the Study

This study focuses on money attitudes and credit card usage related to compulsive buying among MBA students. The scope of this study would be limited only to MBA students who have got their educational certification, particular skill or qualification. They also work as part-time or fulltime employees within any business organization. The sample was drawn basically from MBA students. Most of them are less than forty years old. The sample also was considered to be a fair representative of MBA students, where the majority of them are young age and use credit card in their daily life. Therefore, the results of this study could be generalized to MBA students only. Finally, due to temporal constraints, the study used only one elicitation research instrument, which was a questionnaire.

1.7 Significance of the Study

There are different perspective towards money among people from different cultures. Therefore, investigating changing attitudes towards money is worth studying to get more understanding about consumer culture (Ritzer 1995; Zuckerman 2000). Psychologists and anthropologists have found that through studying abnormal behaviors, greater understanding of normal behaviors can emerge (O'Guinn & Faber, 1989). Study on compulsive buying becomes most important since compulsive buying can contribute to the insatiable appetites of the buyers who strive for more and more product, thereby destroying more and more of the earth's resources (Schmookler, 1991).

This study seems to be significant in Malaysia in that it would give a description of this phenomenon and for its implications for public policymakers and researchers. It is important to understand the relationship between money attitudes, credit card use and compulsive buying on MBA students' population that will provide some ways to formulate a policy related to credit card usage.

It is also beneficial to the credit cards companies, individual professionals and general consumers as well. For credit card companies, this study can provide information on current trend on student credit card usage in compulsive buying. In other word, by using this information companies can create new ideas for their future marketing planning supply to the customer loyalty.

For MBA students, the study will help them to understand the intricacies of budgeting finance and buying behavior so that future buying decisions can be made at the most cognitive level and to spend their money effectively. Such issue becomes more important since the behavior can cause harm to individual and others and can be a drain society (Kwak *et al.*, 2003). It will be beneficial to consumer to know the

implications of compulsive buying in their lives. This will guide consumers to plan their expenditure and hopefully the results from the study will help provide suggestions on the way to control compulsive buying.

1.8 Organization of the Remaining Chapters

Chapter Two reviews the current literature review related to the topic under study. The third chapter details the methods about methodology and measurements of instrument/scale. The population in the study, sample and sampling approach, research instrument, data collection methods and data analysis would be covered in this chapter. Chapter Four outlines the results of the study and explain the statistic analysis used in this study. The final chapter discusses those results including their implications for the future practice, recommendation for future research.

Chapter 2

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the previous research regarding money attitudes and credit card usage in compulsive buying behavior. This chapter will cover the literature of money attitudes (power, distrust, and anxiety), credit card use in compulsive buying. The theoretical framework of the research and hypotheses are also included in this chapter.

2.2 Compulsive Consumption

Compulsive buying is an area of compulsive consumption that has been attracted interest in the past decade of the last century. Compulsive buying is a widespread dysfunctional consumer behavior that still not well understood. According to Rook and Hoch (1987), the differentiate characteristics of impulsive from non-impulsive buying patterns as follows:

1. A sudden, spontaneous desire to act that departs from prior behavior patterns.
2. Psychological disequilibrium that case the consumer to feel temporarily out of control.
3. Psychological conflict obtaining current gratification and resisting giving in to what are perceived as irrational or wrong urges.
4. A lowering of utility-maximizing criteria for product evaluation.
5. A disregard for negative consequences that may be associated with the consumption act.

Faber *et al.* (1987) associated the phenomenon compulsive buying with others, characterized by compulsive behavior, including addiction: "*the behaviors of the*

compulsive consumer seem fairly similar to the common manifestations of addictive behavior". They found three characteristics that appeared common across addictive and compulsive phenomena:

- 1- The presence of drive, impulsive, or urge to engage in the behavior.
- 2- Denial of the harmful consequences of engaging in the behavior, and
- 3- Repeated failure in attempts to control or modify the behavior.

A negative outcome of the consumer behavior is compulsive buying. Compulsive buying has been described as "Chronic, repetitive purchasing that becomes a primary response to negative events or feeling" (O'Guinn & Faber, 1989: 155). According to a research has done been in the U.S. It is found that as much as ten percent of the population can be classified as compulsive buyers (Trachtenberg, 1988).

Compulsive buying was typified by chronic episodes of a somewhat stereotyped fashion in which the consumer feels unable to stop or significantly moderate the behaviors. Compulsive buying may produce some short-term compulsive buying shares similarities with other types of compulsive and addictive behaviors. Therefore, many researchers defined compulsive buying as a chronic, repetitive purchasing that becomes a primary response to negative events or feeling (O'Guinn & Faber, 1989). The previous studies have shown that compulsive buyers tend to have lower levels of self-esteem, a high level of tendency to fantasize (O'Guinn & Faber, 1989), and higher levels of depression, anxiety and obsession (Scherhorn *et al.*, 1990). Valence *et al.* (1988) suggest that compulsive buyers show a high propensity to spend, purchase activated by psychological tension (*i.e.* a reactive aspect) and feeling of guilt after purchase (*i.e.* post-purchase guilt).

Faber *et al.* (1987) interviewed 23 self-described compulsive buyers. An open-ended sentence completion method of questioning was used as preliminary means of gathering qualitative data about respondent's experiences with purchasing, feelings they have about credit and reactions to their spending habits. Compulsive buyers appeared to be largely female, had varying income levels and reported experiencing fear and guilt because of their outrageous spending (Faber *et al.*, 1987).

From their phenomenological study, Faber and O'Guinn (1988) found that the self-identified compulsive buyers differed significantly on all of the questionnaire items except on the possessiveness construct in the materialism 129 "normal" consumers the data was collected on compulsiveness, materialism and attitudes towards the act of shopping and the items purchased. Generally, they were more compulsive, more materialism overall, more non-generous and envious and found shopping to be more enjoyable than the "normal" consumer sample (Faber & O'Guinn, 1988). Materialism is a pervasive human trait. Therefore, compulsive buying is regarded as a global phenomenon (Kwak *et al.*, 2003).

O'Guinn and Faber (1989) conducted in-depth interviews with six self-identified compulsive buyers and use this information to develop questionnaire. The questionnaire was multi-dimensional and included items to measure obsessive-compulsiveness, self-esteem, materialism, fantasy, economic well-being, debt load, credit behavior and motivations for buying. A sample of 386 self-identified compulsive consumer and 250 "normal" consumers completed the mailed questionnaires. The results revealed that the compulsive buyers were largely female, had similar income levels to the "normal" group and were generally younger (eight years) than non-compulsive buyers. The results also showed that compulsive buyers scored higher on the obsessive-compulsive dimension and lower self-esteem, tended

to fantasize more and were far more materialistic than the "normal" consumers. A surprising finding was that compulsive buyers were not significantly different on the possessiveness dimension of the materialism scale. The reported results of the in-depth interviews showed many compulsive buyers were not concerned with what they had purchased, thus possessiveness was not motive for their binge buying behavior. Compulsive consumers were stimulated by the buying process itself. They indicated that compulsive buyers experience negative consequences because their spending. Compulsive buyers had greater numbers of credit cards, paid fewer in full each month and had more cards. Another significant finding was that compulsive consumers spent 42 percent of their monthly income (excluding rent or mortgage expenses) on paying of debt while the general sample spent only 22 percent. This showed the monetary negative consequences. Money compulsive buyers reported feeling of guilt and remorse, frustration over their lack of control over behavior and detrimental effects on their interpersonal relationships (O'Guinn & Faber, 1989).

Scherhorn *et al.*, (1990) conducted a study on German consumers regarding compulsive buying. A sample consist 26 self-identified compulsive buyers were interviewed and completed the compulsive Buying Measurement Scale. A control sample of 136 "normal" consumers also completed the scale. This basic view of compulsive buying that the German research team had was that buying is an addiction for those who identify themselves as compulsive. In this case, the Compulsive Buyers Measurement Scale was highly reliable in identifying compulsive buyers.

According to Hanley and Wilhelm (1992), compulsive buyers had lower self-esteem than the control group. The sample consisted of forty-three self-identify compulsive buyers and one hundred "normal" consumers. The Compulsive Buying Measurement Scale had been used in their studies. The Rosenberg New York Self-

Esteem Scale to measure "the extent to which individuals feel positive or negative about themselves" was used to assess self-esteem. Compulsive buyers were more likely than "normal" consumers to be "preoccupied with the importance of money as a solution to problems and to use money as a means of comparison ". Marital states were found as significant different in demographics where compulsive buyers more likely to be single or divorced than the "normal" consumers.

Desarbo and Edwards (1996) did a research by using two samples of consumers. The first samples consisted of self-identified compulsive buyers (internal group). The second sample was general population (external group) in a major city in the Midwest. From their research have shown the results enhance the findings of the previous studies of compulsive buying behavior, showing specifically that compulsive buyers may differ in their motivation. The internal compulsive buying group appears to be driven to compulsive buying behavior by deep-seated psychological problems, personality structures and family upbringing, where the external compulsive buying group appears to be compelled not by psychological issues so much as by personal circumstances.

As for the findings of the internal compulsive buying group, the results suggest that compulsive buying results from attempts to build self-esteem via the (temporary) sense of worth, power and control achieved when they partaking in excessive shopping triggered by anxiety overload.. The mainly predispositional and addictive motivation for the behavior suggested more psychological reinforcement for compulsive buying (Desarbo & Edwards, 1996).

External compulsive buying group appears to be influenced more by their situation than by psychological motivations or basic personality traits (which may predispose a person to compulsive behavior). The compulsive buyers indeed desire

ownership of item purchased, as shown in the significant coefficient for materialism. In addition, social isolation drives these individuals to compulsive buying in efforts to relieve feelings of loneliness due to a lack of interaction with others. Denial may function as a way to avoid the result of their behavior, as does the use of avoidance coping in dealing with the stresses of everyday life (Desarbo & Edwards, 1996)

2.3 Money Attitudes

The different prospective of money attitudes become an important incentive beyond the people who changing their attitudes towards money. Changing attitudes toward money depend on the consumer culture. Therefore, money attitudes spread and covered all areas of a people's life nowadays. Spending and saving habits, workplace performance, political ideologies, charitable giving, and attitudes towards the environment are a few examples which have long run impact on the attitudes of consumer toward money Roberts and Sepulveda (1999). According to Bell (1998), those who are using the money to influence and impress others have emerged as a central theme in money attitudes research. Social status and power are essential to those people in bringing them happiness and social-psychology in the society they live in (Bell, 1998).

Many researchers try to examine and investigate the scale of money attitudes. Therefore, they have been made several studies to develop a scale to measure money attitudes (Wernimont & Fitzpatrick, 1972; Yamauchi and Templer, 1982; Furnham, 1984; Forman, 1987; Tang 1992). Roberts, and Jones (2001). The most common among those money attitudes scale between Yamauchi and Templer's (1982) Money Attitudes Scale (MAS) and Furnham (1984) Money Beliefs and Behavior Scale (MBBS). Both studies tried to investigate and explore some dimension relating to

money attitudes as a tool of power, budgeting/retaining, anxiety, and obsession, regarding money (Roberts & Jones (2001).

2.3.1 Power-Prestige

Yamauchi and Templer (1982) consider power-prestige as the first factor of MAS scale.

The view of Yamauchi and Templer (1982) is congruent with (Roberts & Jones, 2001: 217) who state that "Persons scoring high on this factor use money as a tool to influence and impress others and as a symbol of success". On the other hand, many people consider having money is a way to have power. Money in this case is not used to purchase cars, clothes, houses or food, but it is used to buy status, domination and control (Goldberg & Lewis, 1978). In this respect, the main value and advantage of money is in paving the way for a person who seeks power. Sharing the same view, (Benson, 2000 & Dittmar, 2001) cited in Dittmar (2005, p.835), state that "people increasingly consume the symbolic meanings associated with goods in expressing their identity and searching for a better self".

For other people, money is a status symbol and a status consumption in which people who have got such a status receive such kind of respect and consideration from others. In other case they may be envied by others (Csikszentmihalyi & Rochberg-Halton, 1981).

As far as culture is concerned in power-prestige, some studies conducted in different culture revealed that people have different concepts about money depend on their culture background. In the emerging consumer culture in Hispanic, consumers are found to be fond of high quality, and prestige products (Saegert & Hoover 1985). Similarly, Segal and Sosa (1983), and Watanabe (1981) claimed Hispanic consumers

tend to have a great tendency, "disproportionate" amounts of money, on high quality status items. Additionally, Hoyer and Deshpande (1981) stated prestigious brand are more important to Mexican-American consumers in South Texas than Anglo-Americans. Mexican-American consumers were also more attached to make their decision based on the perceived prestige of the brand.

The results of the study conducted by d'Astous and Trembly (1989) revealed that compulsive buyers were usually associated buying with social status. This finding is congruent with the recent findings of Roberts (1998), Roberts and Martinez (1997) who obtained a positive result that asserted the relationship between the social status associated with buying and compulsive buying in the U.S. and Mexico. According to Hanley and Wilhelms' work (1992) compulsive spenders were found to be preoccupied with money as a solution to problems they have and as a means of comparison between them and other compulsive spenders. In light of this finding, compulsive spenders were more likely to report the need to spend money in a way that reflected power and status.

Status consumption is regarded as a value through which consumers feel socially powerful (Roberts & Jones, 2001). This value plays an important role for individuals in terms of "guiding actions, attitudes, judgment, and comparison across specific objects" (Rokeach, 1973:18).

However, previous research has found the compulsive buyers were more likely to associate buying with social status. Using money as a means of power and prestige has the possibility of leading people to compulsive buying. Based on the above; the following hypothesis will be tested:

H1: There is a positive and significant relationship between power- prestige and compulsive buying.

2.3.2 Distrust (Price Sensitivity)

According to Yamauchi and Templer (1982), distrust (price sensitivity) is taken as the second factor in MAS scale. They specify some characteristics of distrust, such as hesitant, suspicious, and doubtful. They add that this dimension creates a lake in one's decision while purchasing. In other words, the person feels unconfident to go for buying already planned things. Moreover, Yamauchi and Templer (1982) termed this factor as price sensitivity. It is so called because the focus of items is consumer's sensitivity based. Then, consumers are enticed to the price perhaps be different in their decisions. That is, compulsive buyers.

On the other hand, Tokunga (1993) demonstrates that credit cardholders have been found to be less hesitant or doubtful to the price when they make purchase decision. In this regard, Deshpande and Krishnan (1980) argued in favor of credit card users saying that, they normally purchase expensive items. Meaning, credit cards possession does not feel conscious about prices. The studies done by Roberts (1998), Roberts and Martinez (1997) proved a positive relationship between credit card use and compulsive buying. Based upon above, the following hypothesis will be tested:

H2: There is a negative and significant relationship between distrust (price sensitivity) and compulsive buying.

2.3.3 Anxiety

Yamauchi and Templer (1982) illustrate anxiety as the third factor of MAS scale. However, this factor is also deemed as prevention from anxiety as people purchasing. Therefore, it can be said that anxiety has two characteristics that affect people; the first makes them see money as a source of anxiety as well as protection simultaneously. On the other hand, (Edwards 1993; Valence *et al.*, 1988), show the

reaction with higher levels of anxiety of compulsive buyers and non-compulsive ones. They demonstrate that this reaction is more felt by those compulsive buyers than non-compulsive buyers. In conclusion, compulsive buying has been viewed as "a quick fix for anxiety" (Roberts & Jones, 2001: 219).

Based on their model, Valence *et al.*, (1988) stated that anxiety is the central factor in this model, "because it provokes a spontaneous action and pushes the consumer to reduce the tension" (p. 424). They found that there is a positive and important relationship between anxiety and compulsive buying since "escape from anxiety is thought to be the primary motivation of persons exhibiting addictive or compulsive behaviors" (Roberts & Jones, 2001: 219). In the same vein, (Desarbo & Edwards 1996), argue that compulsive buyers escape from anxiety using the activity of shopping and buying as strategy in order to reduce the stress and anxiety. This takes place particularly "during stressful periods" (Roberts & Jones, 2001: 219). Based upon the above, the following hypothesis will be tested:

H3: There is a positive and significant relationship between anxiety and compulsive buying.

2.4 Credit Card Usage

Credit cards are pieces of plastic, issued by the bank or retail shop, which allow credit card holders to pay for goods or services or guaranteeing the honouring of cheques issued. They also become a method of obtaining cash (Drury & Ferrier, 1984). Credit card enables the consumer to purchase products/services that in many cases go unpurchased.

Credit cards are always associated with the function of an essential credit card and payment instrument in our daily lives. The popularity of credit cards has grown as

evidenced by greater proportion of merchants that accept them and of consumers that carry them. Credit cards were found as a convenience way for making purchases by accessing lines of credit that consumers may choose to pay off the end of the billing cycle or pay over a longer period of time (Chakravorti, 2001).

The money involved in credit card transactions was abstract and unreal (Chakravorti, 2001). Buying items by credit card will encourage the binge buying. Paying without cash will encourage the increasing of debt. Credit cards also eliminate the immediate need for money to buy something and likely accelerate the development of compulsive buying (d'Astous 1990). The credit cards leads to greater imprudence (Ritzer, 1995).

On the other word, credit cards usage contributes to compulsive buying tendency. It also facilitates spending and customers were more likely to purchase a product and pay more for that product when a credit card logo was present (Feinberg. 1986). Moreover, the previous literatures indicated that credit card usage as a factor accelerates the individuals to be compulsive buyer (d'Astous 1990; Roberts, 1998).

According to McElroy *et al.*, (1994) the access to credit cards by the psychiatric patient with problematic buying behavior generated or increased their compulsive buying. Another researches claimed that compulsive consumers were likely to own more credit cards than other consumers and carry larger credit card balances (O'Guinn & Faber 1989).

The positive and significant of the previous studies was its elucidation of the role credit cards play in compulsive buying relationship. Since there was relationship between credit cards use and compulsive buying, the researches should put more focused on it (Roberts, 1998). Credit card use is the most important contributor in explaining compulsive buying. Tokunga (1993) proved in his study that heavy credit

card users feel less conscious about prices. In the same vein, Deshpande and Krishnan cited in Roberts and Jonse (2001, 221) show that people who possession credit card were “related to buying higher priced examine the moderating of credit card use on the money attitudes compulsive buying relationship”. This study will identify whether credit card usage moderators associated between money attitudes and compulsive buying as identified by previous research. With regard to this, the following hypotheses will be tested:

H4: The credit card usage moderates the relationship between money attitudes and compulsive buying

H4 (a): Credit card usage moderates the relationship between power- prestige and compulsive buying.

H4 (b): Credit card usage moderates the relationship between distrust (price sensitivity) and compulsive buying.

H4 (c): Credit card usage moderates the relationship between anxiety and compulsive buying.

Table 2.1
Hypotheses of the study

No of Hypothesis	Statement of Hypothesis
H1:	There is a positive and significant relationship between power- prestige and compulsive buying.
H2:	There is a negative and significant relationship between price sensitivity (distrust) and compulsive buying.
H3:	There is a positive and significant relationship between anxiety and compulsive buying.
H4	The credit card usage moderates the relationship between money attitudes and compulsive buying

- H4a:** Credit card usage moderates the relationship between power- prestige and compulsive buying.
- H4b:** Credit card usage moderates the relationship between the price sensitivity (distrust) and compulsive buying.
- H4c:** Credit card usage moderates the relationship between anxiety and compulsive buying.
-

Chapter 3

METHODOLOGY

3.1 Introduction

This chapter presents the research design and methodology that have been utilized in this research up to the data analysis procedures. This chapter covers a series of steps, including outlines of the theoretical framework, hypothesis development, population and sampling, data collection methods, operationalization of variables and data analysis procedures.

3.2 Research Design

Research design is suitable for a study that aims to analyze a phenomenon, situation, problem, attitude or issue by considering a cross-section of the population at one point in time (Kumar, 1996). Therefore, this study was a quantitative in nature using a questionnaire as a main research instrument. In line with this, the study was designed to identify the relationships among independent variables (power-prestige, distrust and anxiety), dependent variable (compulsive buying) and a moderating variable (credit card usage). Based on this primary purpose, a questionnaire was used as a major instrument for gathering data.

3.3 Theoretical Framework

This theoretical framework or research framework involves a series of rational decision making choices in relation to scientific research and data collection analysis and interpretations (Sekaran, 2000). As a result of extensive review of literatures, the model from Roberts and Jones (2001) was adopted to serve as research framework on

money attitudes in compulsive buying, identifying the relationship between independent variables and dependent variable, in addition, and exploring the effect of credit card usage as a moderating variable. The relationship among the different variables is presented in Figure 3.1 below:

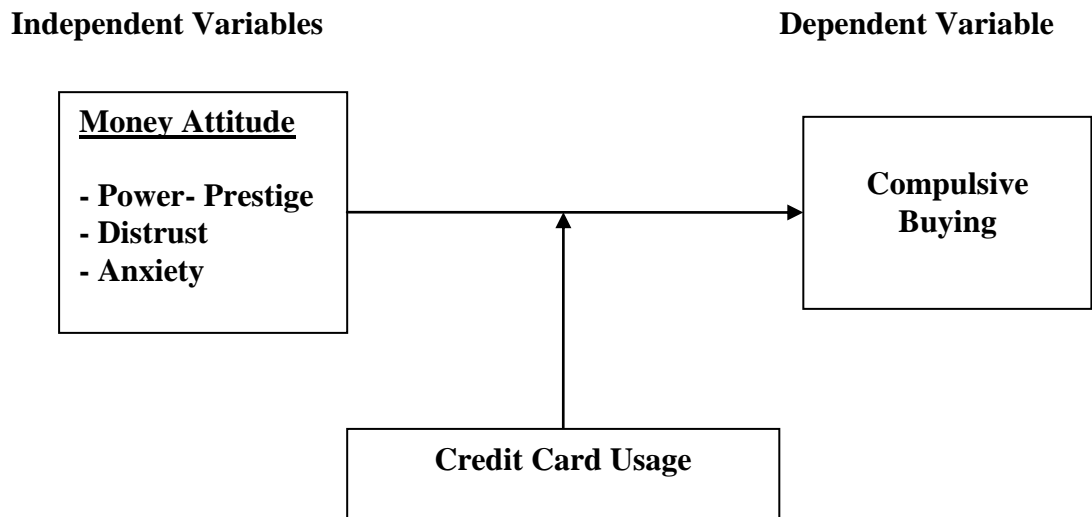


Figure 3.1: Money Attitudes and compulsive Buying: The Moderating Effect of Credit Card Usage.

This study adopts the model from Roberts and Jones (2001) due to their comprehensive analysis of the characteristics of compulsive buying and credit usage. Furthermore, Roberts and Jones (2001) also in their study had considered all the variables and characteristics of money attitudes and compulsive buying among their respondents. Thus, by taking the latest model by Roberts and Jones (2001), this study guarantees content validity of the measurements of money attitudes and compulsive buying. The characteristics of compulsive buying considered in this study and as adopted from Roberts and Jones (2001) are:

- 1) Spending habits, and
- 2) Attitudes toward Money and Expenditures.

3.4 Population and Sample Size

According to Sekaran (2000), population refers to the entire group of people, events or things of interest that researcher wishes to investigate. The primary objective of this study was to assess the impact of money attitudes and credit card usage on compulsive buying among MBA executive students. The population of this study was 188, i.e. the total number of MBA students in USM. Based on Sekaran's (2001) criteria, the required sample size for this study was 127. However, a total of 150 self administered questionnaires were distributed among respondents during MBA classes to ensure higher return rates. While there is an ongoing debate over the use of students' sample, MBA students sample was deemed appropriate for several reasons.

The main consideration in selecting the respondents from MBA students is that most of them are studying part-time and full-time basis. Furthermore, they are attached to several companies throughout Malaysia. Most of the students are below forty years of age which represent the majority of Malaysian population. According to Bohlander *et al.* (2001), young age is defined through a maximum of forty years old. They were easy to be accessed and have been always exposed to surveys and questionnaires. As such, by taking the MBA students as the respondents, this study will contribute to the understanding of the consumer behavior; as an important sector to the Malaysian society. Similarly, the respondents' ideas were regarded as valuable source which allow the researcher to gain data and information relevant to the study.

3.5 Questionnaire Design

In this survey study, data was collected by using a questionnaire. The questionnaires included a cover letter explaining the purpose of it and assured the respondents on the confidentiality of their answers in the research. This questionnaire was designed for